

AMENDED IN ASSEMBLY MAY 5, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 1366

Introduced by Assembly Member Simitian
(Coauthor: Assembly Member Campbell)

February 21, 2003

An act to amend Sections 47632 and 47635 of the Education Code, relating to education finance, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1366, as amended, Simitian. Education finance.

Existing law defines “sponsoring local educational agency” for purposes of provisions governing charter schools.

This bill would include within that definition, only for the purpose of transferring amounts in lieu of property taxes and for pupils who reside in and are otherwise eligible to attend school in a basic aid school district, but who attend a charter school authorized by a nonbasic aid district or county office of education, the basic aid district, as defined.

Existing law requires a local educational agency that sponsors a charter school annually to transfer to each of its charter schools a prescribed amount of funding in lieu of funding available through property taxes and exempts from this requirement funding for pupils who reside in, and are otherwise eligible to attend a school in, a basic aid school district, but who attend a charter school in a nonbasic aid school district. Existing law requires the sponsoring basic aid school district to transfer to the charter school an amount of funds equivalent to the revenue limit earned through average daily attendance by the

charter school for each pupil’s attendance, not to exceed the average property tax share per unit of average daily attendance for pupils residing *in* and attending ~~in~~ the basic aid school district.

This bill would, *commencing with the 2003–04 fiscal year*, revise the manner in which the amount to be transferred by the sponsoring basic aid district to the charter school is determined according to specific formulas. The bill would declare that the intent of this revision is to increase the amount of property tax revenue retained by basic aid districts, and that any costs associated with the revision shall be offset by the increase.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 47632 of the Education Code is
- 2 amended to read:
- 3 47632. For purposes of this chapter, the following terms shall
- 4 be defined as follows:
- 5 (a) “General-purpose entitlement” means an amount
- 6 computed by formula set forth in Section 47633 beginning in the
- 7 1999–2000 fiscal year, which is based on the statewide average
- 8 amounts of general-purpose funding from those state and local
- 9 sources identified in Section 47633 received by school districts of
- 10 similar type and serving similar pupil populations.
- 11 (b) “Categorical block grant” means an amount computed by
- 12 the formula set forth in Section 47634 beginning in the 1999–2000
- 13 fiscal year, which is based on the statewide average amounts of
- 14 categorical aid from those sources identified in Section 47634
- 15 received by school districts of similar type and serving similar
- 16 pupil populations.
- 17 (c) “General-purpose funding” means those funds that consist
- 18 of state aid, local property taxes, and other revenues applied
- 19 toward a school district’s revenue limit, pursuant to Section 42238.
- 20 (d) “Categorical aid” means aid that consists of state or
- 21 federally funded programs, or both, which are apportioned for
- 22 specific purposes set forth in statute or regulation.



1 (e) “Educationally disadvantaged pupils” means those pupils
2 who are eligible for subsidized meals pursuant to Section 49552
3 or are identified as English learners pursuant to subdivision (a) of
4 Section 306, or both.

5 (f) “Operational funding” means all funding except funding
6 for capital outlay.

7 (g) “School district of a similar type” means a school district
8 that is serving similar grade levels.

9 (h) “Similar pupil population” means similar numbers of
10 pupils by grade level, with a similar proportion of educationally
11 disadvantaged pupils.

12 (i) “Sponsoring local educational agency” means the
13 following:

14 (1) In the cases where a charter school is granted by a school
15 district, the sponsoring local educational agency is the school
16 district, except as provided in paragraph (5).

17 (2) In cases where a charter is granted by a county office of
18 education after having been previously denied by a school district,
19 the sponsoring local educational agency means the school district
20 that initially denied the charter petition, except as provided in
21 paragraph (5).

22 (3) In cases where a charter is granted by the State Board of
23 Education after having been previously denied by a local
24 educational agency, the sponsoring local educational agency
25 means the local educational agency designated by the State Board
26 of Education pursuant to paragraph (1) of subdivision (k) of
27 Section 47605 or if a local educational agency is not designated,
28 the local educational agency that initially denied the charter
29 petition, except as provided in paragraph (5).

30 (4) For pupils attending county-sponsored charter schools who
31 are eligible to attend those schools solely as a result of parental
32 request pursuant to subdivision (b) of Section 1981, the sponsoring
33 local educational agency means the pupils’ school districts of
34 residence, except as provided in paragraph (5).

35 (5) For the sole purpose of transferring amounts in lieu of
36 property taxes as provided in Section 47635, for pupils who reside
37 in and are otherwise eligible to attend school in a basic aid school
38 district, but who attend a charter school authorized by a nonbasic
39 aid school district or county office of education, the sponsoring
40 local educational agency is the basic aid district.



1 (j) For purposes of this section, “basic aid school district”
2 means a school district that does not receive from the state, for any
3 fiscal year in which the subdivision is applied, an apportionment
4 of state funds pursuant to subdivision (h) of Section 42238.

5 SEC. 2. Section 47635 of the Education Code is amended to
6 read:

7 47635. (a) A sponsoring local educational agency, other than
8 those defined in paragraph (5) of subdivision (i) of Section 47632,
9 shall annually transfer to each of its charter schools funding in lieu
10 of property taxes equal to the lesser of the following two amounts:

11 (1) The average amount of property taxes per unit of average
12 daily attendance, including average daily attendance attributable
13 to charter schools, received by the local educational agency,
14 multiplied by the charter school’s average daily attendance.

15 (2) The statewide average ~~general-purpose~~ *general-purpose*
16 funding per unit of average daily attendance received by school
17 districts, as determined by the State Department of Education,
18 multiplied by the charter school’s average daily attendance in each
19 of the four corresponding grade level ranges: kindergarten and
20 grades 1, 2, and 3; grades 4, 5, and 6; grades 7 and 8; and grades
21 9 to 12, inclusive.

22 (b) For the ~~2002-03~~ *2003-04* fiscal year, a sponsoring local
23 educational agency, as defined in paragraph (5) of subdivision (i)
24 of Section 47632, shall annually transfer to each of its charter
25 schools funding in lieu of property taxes equal to the lesser of the
26 following two amounts:

27 (1) The average amount of property taxes per unit of average
28 daily attendance, including average daily attendance attributable
29 to charter schools, received by the local educational agency,
30 multiplied by the charter school’s average daily attendance,
31 multiplied by 30 percent.

32 (2) The statewide average *general-purpose* funding per unit of
33 average daily attendance received by school districts, as
34 determined by the State Department of Education, multiplied by
35 the charter school’s average daily attendance in each of the four
36 corresponding grade level ranges: kindergarten and grades 1, 2,
37 and 3; grades 4, 5, and 6; grades 7 and 8; and grades 9 to 12,
38 inclusive.

39 (c) For the ~~2003-04~~ *2004-05* fiscal year, a sponsoring local
40 educational agency, as defined in paragraph (5) of subdivision (i)



1 of Section 47632, shall annually transfer to each of its charter
2 schools funding in lieu of property taxes equal to the lesser of the
3 following two amounts:

4 (1) The average amount of property taxes per unit of average
5 daily attendance, including average daily attendance attributable
6 to charter schools, received by the local educational agency,
7 multiplied by the charter school's average daily attendance,
8 multiplied by 50 percent.

9 (2) The statewide average general-purpose funding per unit of
10 average daily attendance received by school districts, as
11 determined by the State Department of Education, multiplied by
12 the charter school's average daily attendance in each of the four
13 corresponding grade level ranges: kindergarten and grades 1, 2,
14 and 3; grades 4, 5, and 6; grades 7 and 8; and grades 9 to 12,
15 inclusive.

16 (d) Commencing with the ~~2004-05~~ 2005-06 fiscal year, a
17 sponsoring local educational agency, as defined in paragraph (5)
18 of subdivision (i) of Section 47632, shall annually transfer to each
19 of its charter schools funding in lieu of property taxes equal to the
20 lesser of the following two amounts:

21 (1) The average amount of property taxes per unit of average
22 daily attendance, including average daily attendance attributable
23 to charter schools, received by the local educational agency,
24 multiplied by the charter school's average daily attendance,
25 multiplied by 70 percent.

26 (2) The statewide average general purpose funding per unit of
27 average daily attendance received by school districts, as
28 determined by the State Department of Education, multiplied by
29 the charter school's average daily attendance in each of the four
30 corresponding grade level ranges: kindergarten and grades 1, 2,
31 and 3; grades 4, 5, and 6; grades 7 and 8; and grades 9 to 12,
32 inclusive.

33 (e) The sponsoring local educational agency shall transfer
34 funding in lieu of property taxes to the charter school in monthly
35 installments, by no later than the 15th of each month.

36 (1) For the months of August to February, inclusive, a charter
37 school's funding in lieu of property taxes shall be computed based
38 on the amount of property taxes received by the sponsoring local
39 educational agency during the preceding fiscal year, as reported to
40 the Superintendent of Public Instruction for purposes of the second



1 principal apportionment. A sponsoring local educational agency
2 shall transfer to the charter school the charter school's estimated
3 annual entitlement to funding in lieu of property taxes as follows:

4 (A) Six percent in August.

5 (B) Twelve percent in September.

6 (C) Eight percent each month in October, November,
7 December, January, and February.

8 (2) For the months of March to June, inclusive, a charter
9 school's funding in lieu of property taxes shall be computed based
10 on the amount of property taxes estimated to be received by the
11 sponsoring local educational agency during the fiscal year, as
12 reported to the Superintendent of Public Instruction for purposes
13 of the first principal apportionment. A sponsoring local
14 educational agency shall transfer to each of its charter schools an
15 amount equal to one-sixth of the difference between the school's
16 estimated annual entitlement to funding in lieu of property taxes
17 and the amounts provided pursuant to paragraph (1). An additional
18 one-sixth of this difference shall be included in the amount
19 transferred in the month of March.

20 (3) For the month of July, a charter school's funding in lieu of
21 property taxes shall be computed based on the amount of property
22 taxes estimated to be received by the sponsoring local educational
23 agency during the prior fiscal year, as reported to the
24 Superintendent of Public Instruction for purposes of the second
25 principal apportionment. A sponsoring local educational agency
26 shall transfer to each of its charter schools an amount equal to the
27 remaining difference between the school's estimated annual
28 entitlement to funding in lieu of property taxes and the amounts
29 provided pursuant to paragraphs (1) and (2).

30 (4) Final adjustments to the amount of funding in lieu of
31 property taxes allocated to a charter school shall be made in
32 February, in conjunction with the final reconciliation of annual
33 apportionments to schools.

34 (f) The Legislature finds and declares that the effect of
35 subdivisions (b), (c), and (d), are to increase the amount of
36 property tax revenue retained by basic aid districts. Thus, any costs
37 associated with subdivisions (b), (c), and (d), including any
38 reporting requirements necessary to implement this section, shall
39 be offset by that amount of increased property taxes.



1 SEC. 3. This act is an urgency statute necessary for the
2 immediate preservation of the public peace, health, or safety
3 within the meaning of Article IV of the Constitution and shall go
4 into immediate effect. The facts constituting the necessity are:

5 In order to make the necessary statutory changes to implement
6 the Budget Act of 2002 at the earliest possible time, it is necessary
7 that this act take effect immediately.

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